

Commonwealth of Kentucky Accounts Payable Recognition

General

Accounts payable, as applied to the Commonwealth of Kentucky's GAAP reporting system, includes liabilities incurred for goods received or services performed as of June 30 for which payment has not been made. Amounts to be reported on this form should include only amounts that will be paid with "new year" funds. These should be included for both documents to be processed through the MARS and those paid through imprest cash.

If amounts are **due to other funds** (Inter-Account Bills, Journal Vouchers), those amounts are **not** to be included here. Rather, they will be reported as interfund payables on form AFR 72 (Charges to State Agencies).

Payable amounts determined as of June 30 should be summarized on form AFR 70 according to the appropriate category as defined below. If an invoice has not been received by the time this package is submitted, the agency should estimate the liability to the best of their ability.

Personal Services

Personal services include amounts for professional services such as legal, auditing, consulting, and court reporting. This also includes other personnel costs, which have been incurred as of June 30. Include salaries, wages, and fringe benefits only for those payrolls that are not processed through the Unified Personnel Payroll System (UPPS) regular payrolls. Do include payments processed on a manual supplemental payroll voucher during the closing period.

Utilities, Rentals, and Other Services

Utilities, rentals, and other services include utility services, fuels, and other services that have been incurred, but not paid for as of June 30. Do not estimate the cost of metered utilities such as gas, electric, and water from the last billing date until June 30.

Commodities and Supplies

Commodities and supplies include items that are consumed in the normal activities of the agency or are held for resale as of June 30. These include but are not limited to office supplies, operating

supplies, maintenance supplies, resale items, small tools, and equipment.

Grants and Subsidies

Grants and subsidies include contributions, cash gifts, or other assets to other governmental units and/or individuals to be used or expended for a specific purpose, activity, or facility. Payments may be made as advances to the receiving party. Payments may also be made as reimbursements of expenditures made by a qualifying receiver. Included in this category are payments mandated by statute to return a portion of revenues collected by the state to local governmental units. Grants and subsidies include, but are not restricted to grants, financial assistance payments, care and support payments, and benefit payments.

Accounts payable will need to reflect the measurable liabilities, as of June 30, for reimbursement grants, revenue sharing, and benefits. Reimbursement grants will reflect the amount of known liability (invoice has been received) as accounts payable. Revenue sharing items should be recognized as a liability in the amount of total current year receipts that have not been distributed to local governmental units. Benefit payments, such as Medicaid, may require an estimate for the amount of liability at June 30. Estimates for benefit payments should be based on factors such as prior billings and normal lag time of the billing from the provider.

Capital Outlay

Capital outlay includes amounts for fixed assets, (cost of \$5,000 or more and a useful life greater than one year), where goods have been received as of June 30 and payment will be made with "new year" funds.

NOTE: Agencies utilizing capital project "force accounts" should report accounts payable applicable to those accounts as of June 30.

Travel

Travel includes amounts for travel purposes that were incurred as of June 30 and payment for the amounts will be made with "new year" funds.

NOTE: AFR 70 does not need to be completed if total accounts payable is less than \$1,000.

Detailed Instructions
AFR 70
Summary of Accounts Payable

NOTE: For the Transportation Fund, a separate form is to be completed for each program within each department.

1. Enter the date the form is completed.
2. Enter the official agency name.
3. Enter the cabinet and agency number.
4. Enter the fund name.
5. Enter the four-digit fund number.
6. Enter the amount payable within one year for each classification. These amounts will require the use of fiscal year 2006 funds for repayment.
7. Enter the amount payable longer than one year for each classification.
8. If payable amounts cannot be classified under the given categories, list them as “other” and describe the purpose for the amount.
9. Enter total amount for each classification.
10. Enter total amount for each column.
11. Total amounts for “Payable Within One Year” PLUS amounts for “Payable in Future Periods” should agree to the bottom line amount for the total column.
12. Enter the name of the person preparing the form.
13. Enter the phone number of the person preparing the form.